

Chief Consolidated Mining Company  
c/o 1629 Locust Street  
Philadelphia PA 19103

M/049/009\*

M/049/024

E/049/046

VIA FACSIMILE and US Mail

March 17, 2005

Mr. Daron Haddock  
Utah Department of Natural Resources  
Division of Oil, Gas & Mining  
1594 West North Temple  
Suite 1210  
Box 145801  
Salt Lake City, UT 84114

Dear Mr. Haddock

As per our recent discussions and your follow on correspondence (enclosed), I am writing to request a 90 day moratorium on further enforcement actions related to Chief's permits for the various Trixie and Burgin mines. Chief suspended all mining activities in the spring of 2002, and has since been unable to raise new money to restart due to the naming of Chief as a Potentially Responsible Party by the U.S. EPA in regards to the Eureka Superfund Project. Since that time, Chief has had no employees, bank accounts, etc. As the last remaining director, I have acted on an unpaid basis to try to negotiate a settlement with the various regulatory agencies which could lead to a viable company in the future. We had recently entered into a proposed Consent Decree with the Department of Justice which was finally approved by the Federal Judge on January 24, 2005. This Consent Decree defines Chief's obligations and limitations in regards to the costs of the cleanup. Now that the Consent Decree has been entered, Chief intends to raise new capital to clean up back payables (specifically including Utah mining license fees) and re-hire the work force to resume mining. We have held several meetings with prospective investors during the past week in both New York City as well as at Chief in Eureka, UT.

Accordingly, Chief respectfully requests a 90 day extension or moratorium on further fines, by which time we will all know if there is a company and employer worth saving. Please contact me with any further questions.

Sincerely,



Richard R. Schreiber  
President

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DIV. OF OIL, GAS & MINING



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNT, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 8, 2005

Richard Schreiber  
Tintic Utah Metals, LLC  
Chief Gold Mines Inc.  
1629 Locust Street  
Philadelphia, Pennsylvania 19103-6304

Subject: Abatement Time for State Cessation Orders; MC-04-01-03(1), Tintic Utah Metals, LLC, Trixie West Exploration Project, E/049/046; MC-04-01-04(1), Tintic Utah Metals, LLC, Apex/Burgin Project, M049/009; and MC-04-01-05(1), Chief Gold Mines Inc., Trixie Shaft, M/049/024, Utah County, Utah

Dear Mr. Schreiber:

The Division extended the abatement timeframe for the above-referenced Cessation Orders to February 28, 2005, based on the Federal Court notice that the Consent Decree hearing was scheduled for January 24, 2005. Normally an abatement period cannot be extended beyond 90 days; however, where good cause is shown by the permittee an abatement period can be extended. We have not heard from you regarding the status of these mines. We are now aware that a settlement has been reached and are anticipating that the abatement of the above violations can now be completed.

As requested in today's phone conversation, I am providing you (listed below) a summary of the outstanding fines and fees associated with these violations. These should be taken care of as soon as possible in order to bring these operations into compliance and avoid any further actions.

Chief Gold Mines Inc., Trixie Shaft, M/049/024

Permit Fees outstanding for 2003 and 2004--- \$1000.00

Proposed Assessment for Cessation Order MC-04-01-05(1)--- \$1100.00

Tintic Utah Metals, LLC, Trixie West Exploration Project, E/049/046

Permit Fees outstanding for 2003 and 2004--- \$300.00

Proposed Assessment for Cessation Order MC-04-01-03(1)---\$1100.00

Richard Schreiber  
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Tintic Utah Metals. LLC, Apex/Burgin Project, M049/009

Permit Fees outstanding for 2003 and 2004--- \$2000.00

Proposed Assessment for Cessation Order MC-04-01-04(1)---\$1100.00

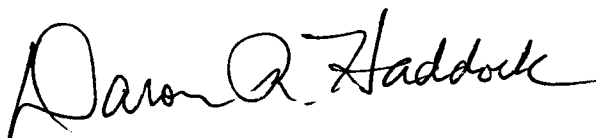
The total of all fines and fees is \$6,600.00. On November 4, 2004, the Division sent you a proposed assessment associated with the Cessation Orders. Under rules R647-7-106 & R646-7-107 you are allowed 30 days from the receipt of the proposed assessment to request a conference or hearing to review the fact of the violation or assessment. Our records indicate that you received the proposed assessment on November 8, 2004, and you should have requested a conference or hearing on or before December 8, 2004. We have no record showing such a request; therefore, under R647-7-108 the opportunity to appeal is past and the proposed assessment is now considered final.

**The penalty in the amount of \$3,300 and the permit fees totaling \$3,300 are due and payable.** Please remit payment to the Division, mail c/o Penny Berry.

Because the violations are still pending, the Division is contemplating further action. Options would include issuing "Failure to Abate" cessation orders, which carry a mandatory \$750/ day fine for each violation or entering into bond forfeiture proceedings. We hope to avoid these situations if possible.

We look forward to a speedy resolution of this situation and wish you luck in revitalizing these sites. Please call me at (801) 538-5325 or Lynn Kunzler at (801) 538-5310 if you have questions.

Sincerely,



Daron R. Haddock  
Permit Supervisor  
Minerals Regulatory Program